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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

February 28, 2002

Ex Parte

William Caton, Acting Secretary
Federal Communications Commission
445 12th St., S.W. – Portals
Washington, D.C. 20554

**Re: Application by Verizon-New Jersey, Inc. for Authorization to Provide
In-Region InterLATA Services in State of New Jersey, Docket No. 01-347**


Dear Mr. Caton:

We are providing this filing in accordance with the Commission's Rules regarding Ex Parte presentations, and pursuant to the Public Notice concerning this application.

On February 27, 2002, Martin W. Clift, Jr. and Alan M. Shoer, of Cavalier Telephone, LLC met with Alexis Johns, Brent Olson, Robert Tanner and Joshua Swift, of the Common Carrier Bureau of the Federal Communications Commission, in order to discuss the competitive impacts of Verizon's approach to billing disputes, in the context of the application of the Commission's transport compensation rules in New Jersey, and the competitive impacts raised by the UNE Non-Recurring Rates set by the New Jersey Department of Public Utilities. The Handouts distributed during our meeting are enclosed with this filing.

Please let me know if there is any other information that we may provide, or if you have any questions concerning this matter.

Respectfully Submitted,



Alan M. Shoer

Enc.

CC: Clint E. Odom, Verizon
Alexis Johns, Brent Olson, Robert Tanner, Joshua Swift, FCC

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"Your Local Telephone Company"

FCC Ex-Parte Verizon's New Jersey 271 Application

Feb. 27, 2002

Background

- Facilities-Based CLEC
 - Serving Mid-Atlantic Region
 - (VA, MD, PA, DE, NJ, DC)
 - Unbundled loops
 - Business and Residential
- 312,000 Access Lines
- Acquisition of Conectiv, Net2000

Crossroad for Survival

- Two make or break issues
 - Transport Compensation
 - Hot Cut UNE NRC
- Non-compliant Checklist items
 - 271 (c)(2)(B)(i) – Interconnection
 - 271 (c)(2)(B)(ii) – UNEs – NRCs
 - 271 (c)(2)(B)(xiii) – Recip Comp

Verizon's Reply Tries to Deflect Away The Problem

TRANSPORT-

- VZ: Just another Single POI-type complaint addressed in PA Order-para.100; -- or --
- VZ: Not a 271 problem -- Pending in the InterCarrier Comp NPRM

UNE RATES-

- VZ: NRC rates TELRIC compliant

Transport – Not a “GRIPs” or “Single POI” Issue

- GRIPs already established
- Interconnection Agreement—Sections 4.2.2 and 4.2.3—Originating Party Pays
- FCC Transport Comp Rules-- FCC 271 Orders for PA, Kansas, citing 47 C.F.R. 51.701—Originating Party Pays
- Discrimination in trunking processes:

“You have to pay me, but I do not have to pay you.”

Serious Risk to Consumers

- \$8.8 million in dispute (\$800K in N.J)
- Interconnection Agreement in "Default"
- Second Default Notice submitted
 - Trunks shutdown
 - Network blockage
 - Cure date March 10, 2002
 - VZ Emergency Petition in DE--2/25/02

Hot Cut NRC – Competition Killer

- \$160 - \$234 per loop
- Will force Cavalier out of business
- Current hot cut procedures flawed and inefficient
- Need to develop new digital-based consumer friendly processes

Action Needed

- Deny 271 Application
- Order VZ to:
 - Comply with transport rules fairly and on same terms and conditions imposed by Verizon (pay its bills, follow dispute processes)
 - Establish new hot cut UNE process
 - Sustain current prices in the interim